

# ARRA Recipient Workshop

## May 20, 2009

Iowa Department of Natural Resources  
Iowa Finance Authority  
Iowa Department of Agriculture and Land Stewardship



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# Introduction to the State Revolving Fund

SRF Coordinators

Patti Cale-Finnegan, Iowa Department of Natural Resources

Lori Beary, Iowa Finance Authority

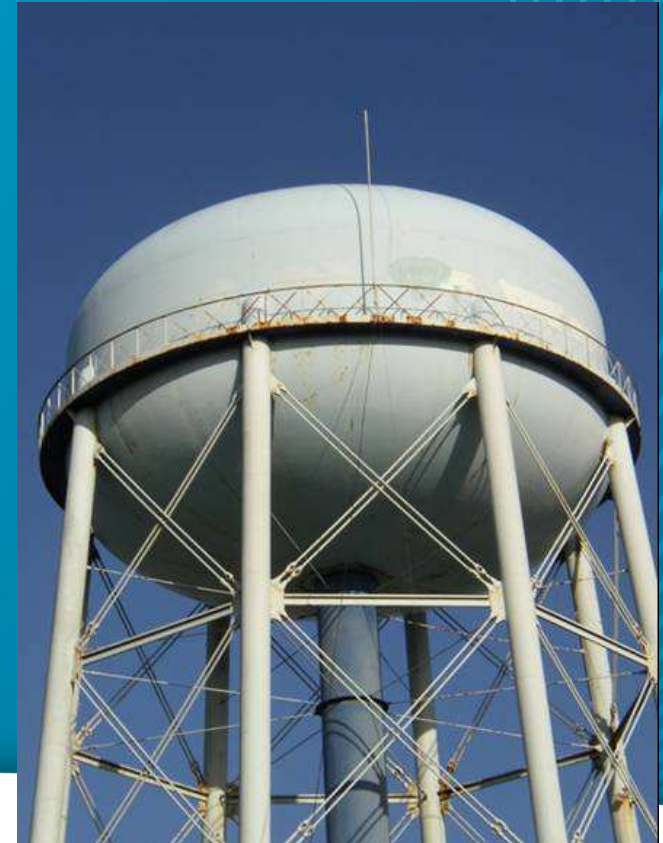


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# State Revolving Fund

The SRF is one of Iowa's primary sources of financing for drinking water and wastewater infrastructure projects



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# State Revolving Fund

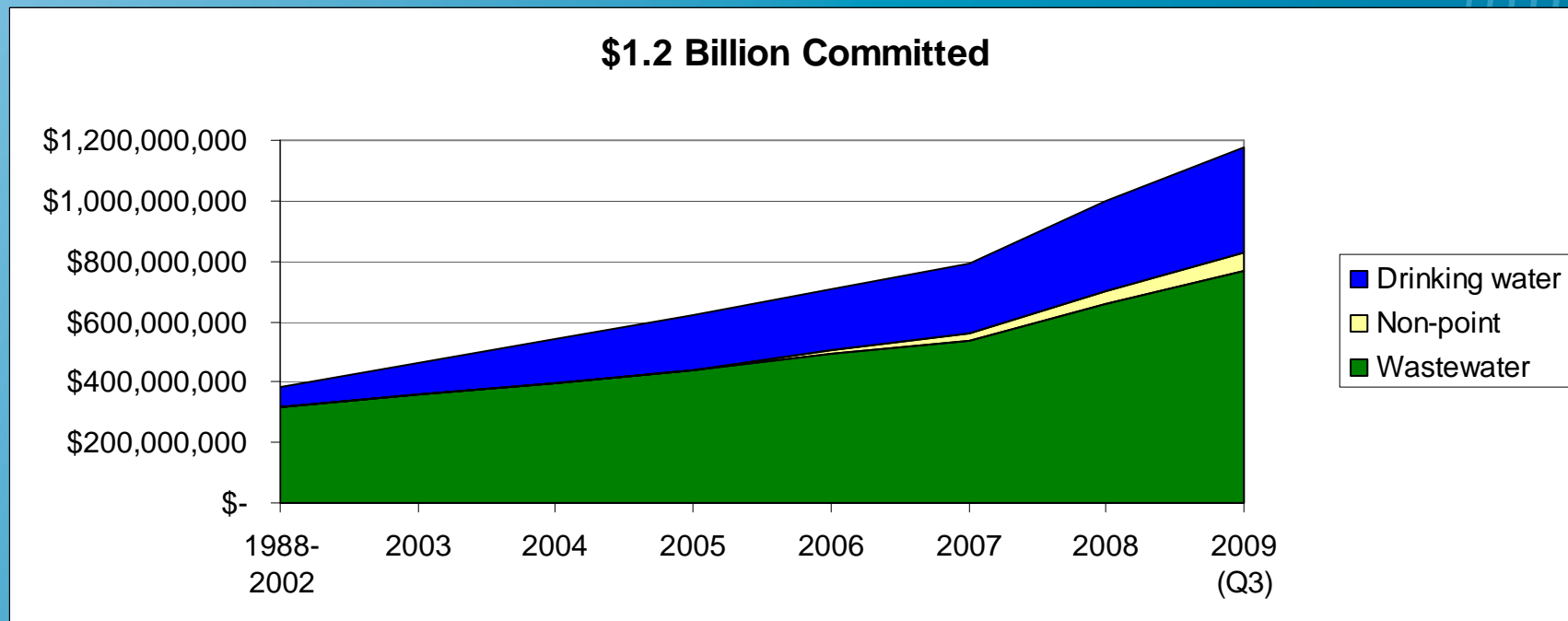
Jointly administered by  
the Iowa Department of  
Natural Resources and  
the Iowa Finance  
Authority



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# Growth of SRF



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# Drinking Water SRF

- Loans for:
  - Improvements to public water supply systems
  - Consolidations and connections
  - Source water protection
- DWSRF set-asides fund technical assistance, capacity development, state drinking water program, SWP



# Clean Water SRF



- Loans for:
  - Publicly owned wastewater treatment facilities
  - Sewer system rehabilitation
  - New systems for unsewered communities
  - Stormwater management for water quality





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# Types of Loans

- Planning & design
- Construction
- Source water protection
- Watershed protection

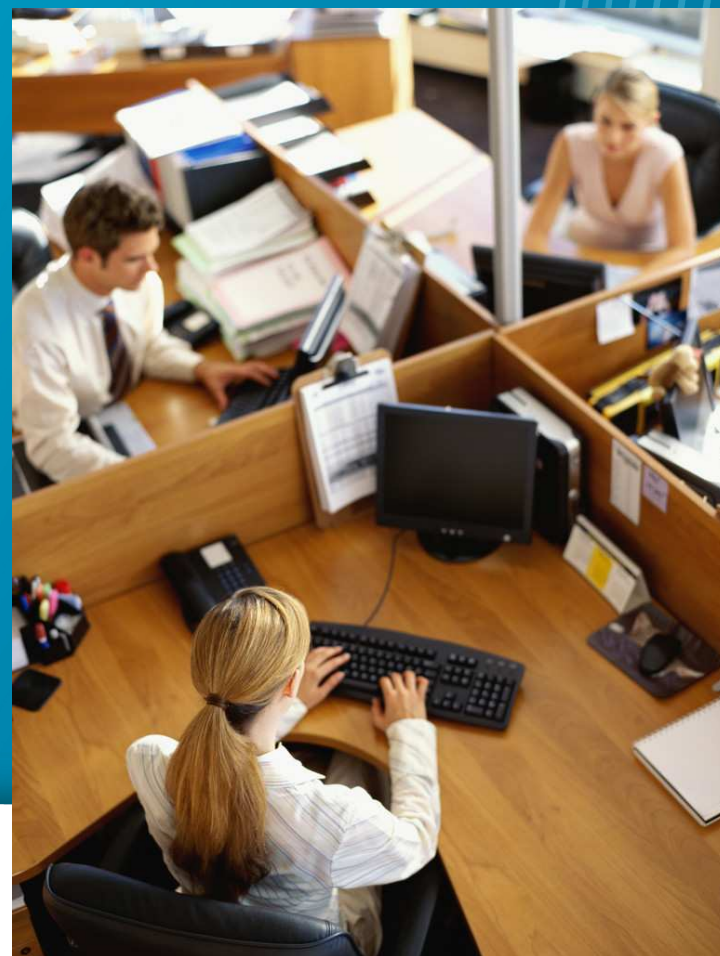




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# Planning & Design

- 0% financing for up to 3 years
- Can be rolled into SRF loans or paid off with other permanent financing
- Get projects ready for applications to CDBG or Rural Development



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# Construction



- Cities and counties
- Community water supplies
- Rural water districts
- 3% interest rate



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# Construction

- No reserve requirement
- Extended financing terms – up to 30 yrs
  - All CWSRF
  - DWSRF disadvantaged communities
- Assistance with environmental review





# Construction

- Environmental review specialist assists with ER process
- SRF pays for preliminary archeology



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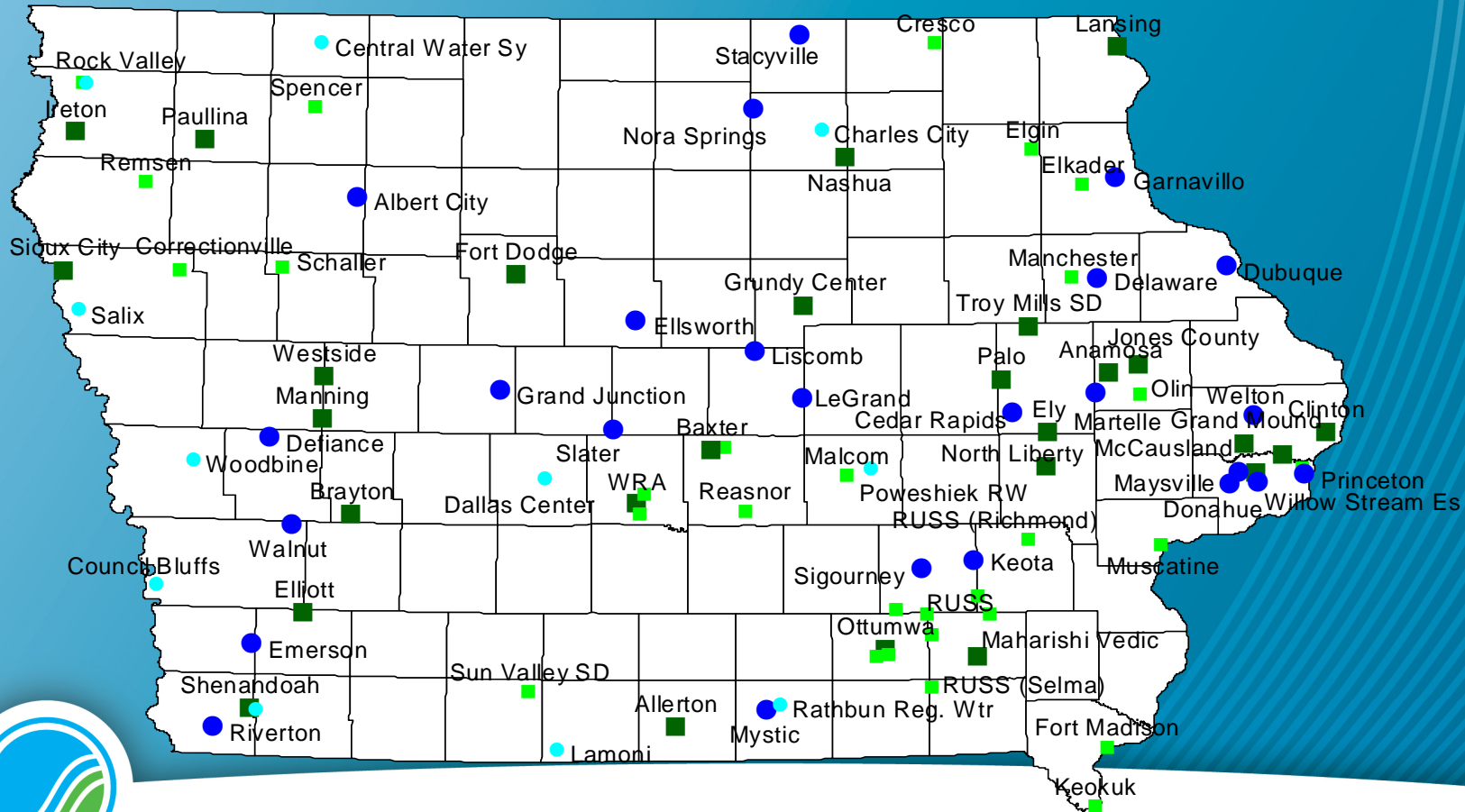


# Source Water Protection

- 0% interest rate
- Up to 20 year term
- For purchase of land or easements, or to fund SWP practices
- Based on approved SWP plan



# SRF Infrastructure Projects (FY08)



**Drinking Water**

- Construction
- P&D

**Wastewater**

- Construction
- P&D

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# Nonpoint Source Loans

- Private landowners for soil conservation practices
- Livestock producers for manure management
- Rural homeowners to replace inadequate septic systems



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# Nonpoint Source Loans

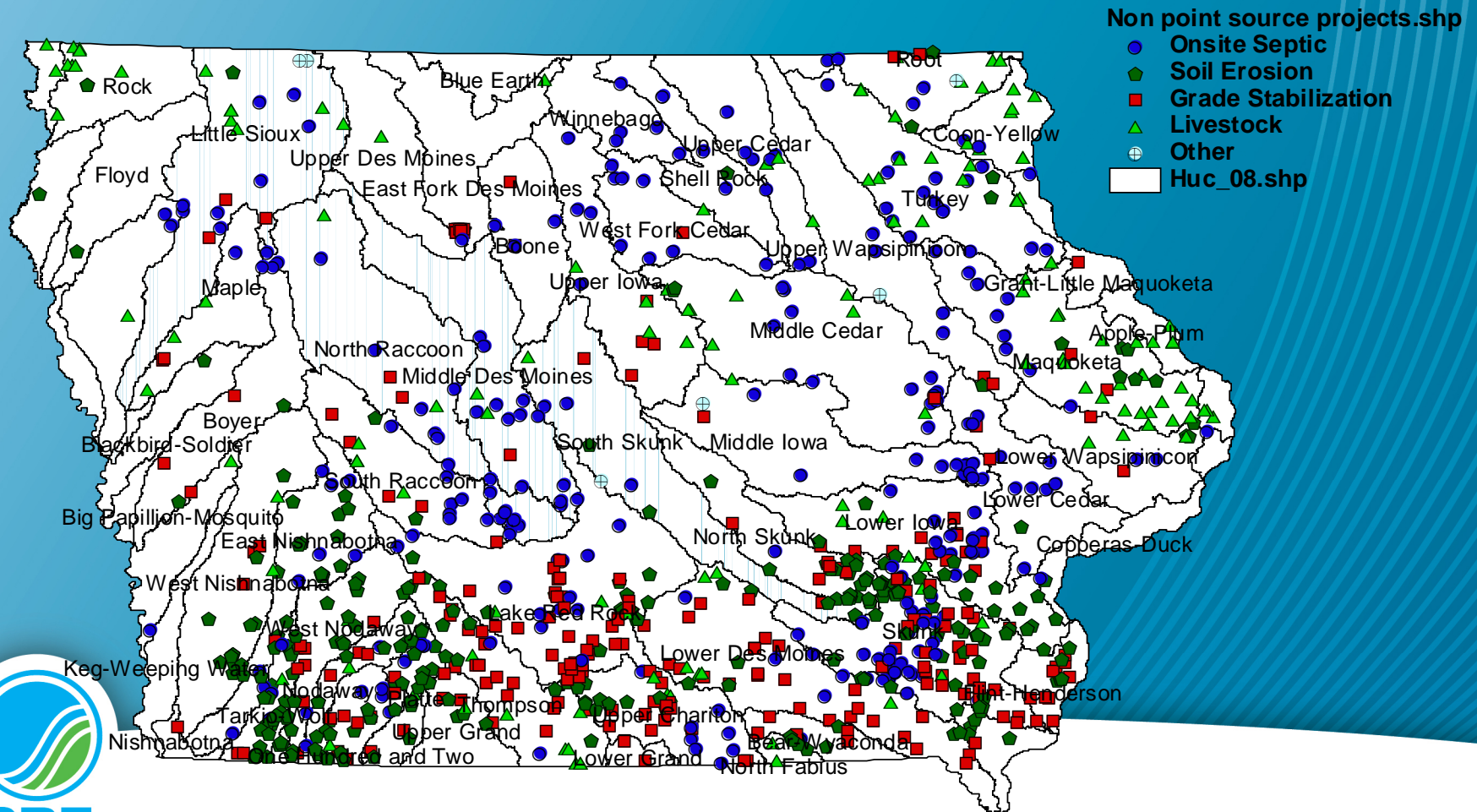


- Communities and private developers for storm water quality management
- Watershed groups for land acquisition
- Communities for brownfield and landfill cleanups

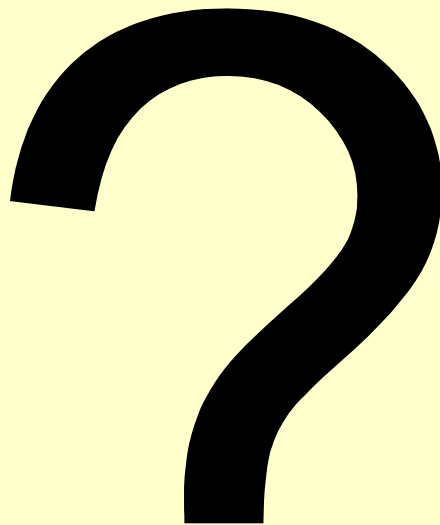




# SRF Nonpoint Projects



# So what about the Stimulus?



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# ARRA Background Project and Funding Timelines

Satya Chennupati  
Wastewater Engineering Supervisor, DNR



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# SRF and ARRA

- American Recovery and Reinvestment Act funnels some drinking water and water quality dollars through SRF
- Iowa will receive \$53 Million for CWSRF and \$24 Million for DWSRF





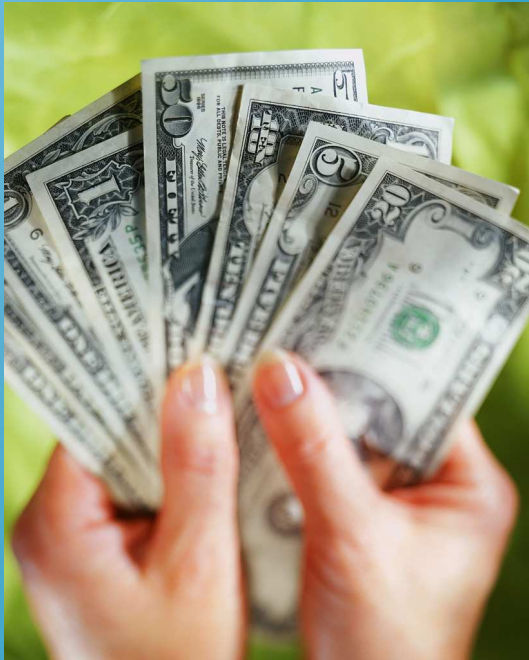
# SRF and ARRA

- **Primary Objectives:**

- “To preserve and create jobs and promote economic recovery”
- “To invest in transportation, environmental protection, and other infrastructure that will provide long-term economic benefits”
- “To assist those most impacted by the recession”
- “To stabilize state and local government budgets”
- “To provide investments need to increase economic efficiency by spurring technological advances in science and health”



# SRF and ARRA



- At least half the funds must be in the form of loan forgiveness
  - \$26.5 Million for CWSRF
  - \$12 Million for DWSRF



# SRF and ARRA

- Applicants must be “disadvantaged”
  - Median Household Income (MHI) as % of statewide average
  - Water or sewer rates as % of MHI
  - System debt
  - Unemployment levels





# SRF and ARRA

- CWSRF priority list
  - 40 projects
  - Loan forgiveness from 20% to 40% of SRF loan amount
  - Loan forgiveness amount = \$28 Million
  - Total loan amount = \$99 Million





# SRF and ARRA



- DWSRF priority list
  - 20 projects
  - Loan forgiveness from 30% to 50% of SRF loan amount
  - Loan forgiveness amount = \$13 Million
  - Total loan amount = \$63 Million



# SRF and ARRA

- 20% of funds for “green” projects
  - Water efficiency
  - Energy efficiency
  - Green infrastructure
  - Environmentally innovative



# SRF and ARRA

- Green application process yielded 120 applications totaling \$123 Million
- 49 projects proposed for funding
- Water meters, fine bubble aeration, rain gardens, nitrate removal wetlands, porous paving, high efficiency pumps, decentralized wastewater, etc.





# SRF and ARRA

- Timelines and deadlines
  - Application deadline for green projects – March 27
  - Publication of draft IUPs – April 3
  - Public hearing – April 16
  - Public comment period closed – April 23



# SRF and ARRA

- Timelines and deadlines
  - EPC Approved IUPs – May 19
  - EPA goal of having half of funds committed – June 17



# SRF and ARRA

- Projects must be “shovel-ready”
  - Executed Contract with Contractor
  - Notice to Proceed issued to Contractor
  - Loan Agreement signed
  - Project may be in construction
  - Business Case approved if needed (Green)





# SRF and ARRA

- Projects must be “shovel-ready”
  - Must have construction permits as needed
  - Must have environmental review completed
  - Must have gone to bid using SRF and special stimulus front-end requirements
  - Must have waiver from Buy American if needed





# SRF and ARRA

- Progress Assessment
  - August 2009
  - DNR and IFA
  - Funds may be reallocated to projects that have progressed and become shovel-ready





# SRF and ARRA

- Timelines and deadlines
  - Amended IUPs if needed – September
  - All funds must be committed to projects (under contract or under construction) – February 17, 2010





# SRF and ARRA

- Project Permitting Procedures
  - Follow the construction permitting process
  - Initiate Project by calling DNR coordinator
  - Meeting to review Project & Facility Plan scope and schedule
  - Project submittals must be complete to receive timely review and approval



# Environmental Review

SRF Environmental Review Specialists

Jean Krewson

Kate Bussanmas



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# SRF and ARRA

## Environmental Review Services

- Jean Krewson
- Kate Bussanmas



- By Federal Law, all SRF ARRA projects require an Environmental Review
- *We can help you through this process*

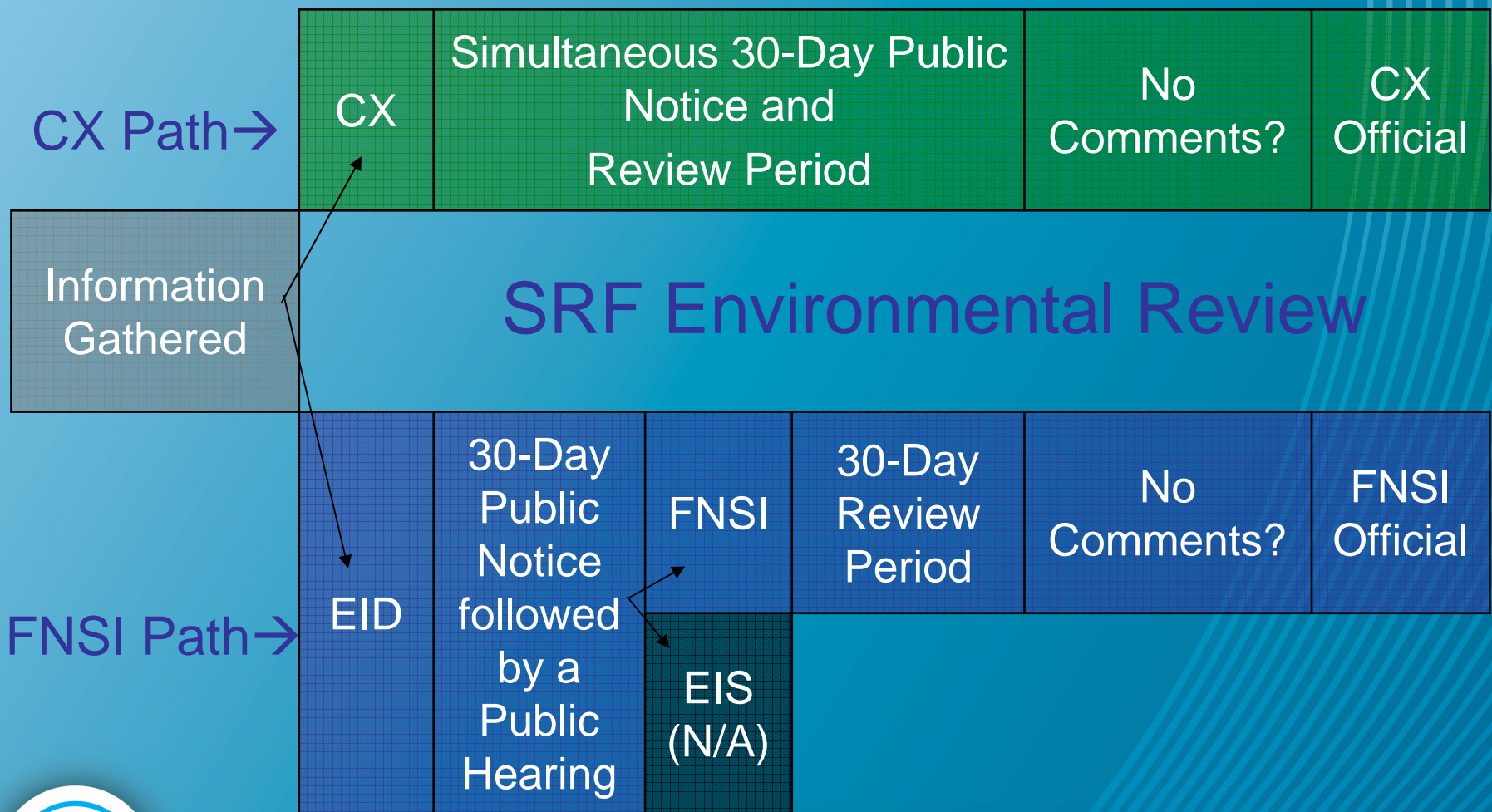




# SRF and ARRA

- There are two pathways for Environmental Review:
  - Categorical Exclusion (CX)
    - approx. 50-90 days
  - Finding of No Significant Impact (FNSI)
    - approx. 180 days





# SRF and ARRA



- Essentially, the CX path was designed for relatively small rehabilitation, addition, or replacement projects that are non-controversial and do not involve an anticipated effect to the environment.
- If it's not a CX, it has to go through the full FNSI process which may include archeological investigation



# SRF and ARRA

- If Archeological Investigations are needed:
  - SRF will contract for the Phase I Archeological investigation
  - The cost for this is paid for through admin funds—it is not attached to the specific loan
  - However, if additional work is required (Phase II or III), the applicant must complete that



# SRF and ARRA

- In order to assist you with the ER, we need the following information:
  - Planned sources of other federal funding
  - An accurate map of the site with marked boundaries
  - A project description
  - Photos of the site
  - A current habitat description
  - An explanation of this option choice



# SRF and ARRA

- Description of any ancillary impact—destruction of current facilities, new access roads/utility lines, borrow pits, staging areas, abandonment of current buildings/structures, etc.
- Property owner contact
- Site specific potential impacts/influences—buildings 50+ years old, conditions in previous permits, etc.

A deficit of information may result in delay!





# SRF and ARRA

- Do



- Give accurate information about the project scope and location
- Give a description of the habitat and send photos of the project site
- Be aware neighboring properties and potential impacts to historical properties or sensitive areas



# SRF and ARRA

- Don't
  - Forget to include access roads, utility lines, borrow pits, staging areas or destruction or abandonment of current facilities in your scope description and project map
  - Forget that the public hearing requires 30-day public notice (FNSI only)



# SRF and ARRA

- The purpose of the Environmental Review Services is to:
  - Conserve important natural and historical resources
  - Avoid or mitigate negative impacts
  - Ensure a legacy for future generations***NOT to delay or add expense to your project***
- *If you are not already in the process of ER, a copy of the ER checklist of information is in your packet – please be sure to turn it in ASAP.*





# SRF Bidding and Award Concurrence

Patti Cale-Finnegan



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# SRF and ARRA



- Bidding requirements and process
  - Stimulus front-end documents included in bid specifications
  - DNR project managers check for completeness



# SRF and ARRA

- **For public entities, state bidding requirements must be followed**
  - Iowa Code Chapter 26
  - Approved by City Attorney
  - League of Cities is a resource





# SRF and ARRA

**Attachment 3**  
**SRF Required Front-End Specifications**  
(This form must be completed and signed by Prime Contractor and submitted with the bid.)

**Disadvantaged Business Enterprise (DBE) Solicitation**

It is EPA's policy that recipients of EPA financial assistance through the State Revolving Fund programs award a "fair share" of subagreements to small, minority and women-owned businesses, collectively known as Disadvantaged Business Enterprises (DBEs). Iowa's Fair Share goals are:

	Minority-Owned Business Enterprise (MBE) Goal	Women-Owned Business Enterprise (WBE) Goal
	1.7%	2.2%
Construction	0.6%	5.6%
Supplies	2.5%	11.3%
Services	2.5%	10.4%
Goods/Equipment	1.8%	7.4%
Average		

Only work performed by certified DBEs can be counted toward the goals. In Iowa, DBEs must be certified through the Iowa Department of Transportation (IDOT). Information on certification requirements and a list of certified DBEs is on the IDOT website at [http://www.iowadot.gov/contracts/contracts\\_eoaa.htm](http://www.iowadot.gov/contracts/contracts_eoaa.htm).

Prime contractors' DBE requirements for SRF projects include:

- Taking affirmative steps for DBE participation
- Documenting the efforts and the proposed utilization of certified DBEs


- DBE Solicitation
  - Goals, not quotas
  - Good faith effort
  - Documentation of efforts
  - Forms returned with bids showing DBE participation



# SRF and ARRA

**Exhibit 13**  
**SRF Bid Document Checklist**

When bids are received and the Owner accepts a bid proposal, the Consultant prepares and submits to the SRF a packet of documents. Required documents are listed below. Please submit the completed checklist with the bid document packet. When all the information is complete, SRF issues to the Owner a letter of concurrence in award, which also explains the amount of bid that is eligible for CWSRF reimbursement.



Date: \_\_\_\_\_  
From: \_\_\_\_\_  
CWSRF Number: CS192

The following documents are enclosed for review and approval prior to contract award:

**Engineering Documents**  
*Please note: If there have been any changes made to the DNR-approved plans and specifications, submittal of an as-bid set of plans and specifications is required. Where there have not been any changes made to the DNR-approved plans and specifications, project managers may request an as-bid set as needed.*

☐ As-bid set of plans and specifications or statement by Engineer that no changes to the DNR-approved plans and specifications have been made  
☐ Tabulation of bids  
☐ Engineer's written recommendation of award  
☐ Engineering Services Agreement

**Contractor Documents**

☐ Successful bid and/or proposal loan recipient chooses to accept  
☐ Any addenda not previously submitted and bidder acknowledgment of all addenda  
☐ Attachment 1: Certification of Non-Segregated Facilities Form  
☐ Attachment 2: Certification Regarding Debarment and Suspension Form

- Bid Document Checklist
  - Once low bid is chosen
  - Checklist items submitted to DNR for concurrence in award of bid
  - All costs checked for eligibility



# Davis-Bacon Prevailing Wages

Lori Beary



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# SRF and ARRA

- Davis-Bacon
  - Minimum Wages (and benefits) that must be paid for construction workers
    - Does NOT include engineers & architects
    - Not required for work under force accounts
  - We will coordinate with CDBG
    - If project has CDBG, grant administrator is lead for Davis-Bacon
    - If project just has SRF, contact IFA for wage determination



# SRF and ARRA

- Davis-Bacon
  - Wage determinations
    - Must be in bid documents
    - Must be posted at construction site with poster
    - Two basic types
      - Treatment plants
      - Heavy construction



# SRF and ARRA

- Davis-Bacon – Compliance
  - General contractor sends weekly payroll reports
    - Reports must show:
      - name of worker
      - Identifying number (last 4 digits of SSN)
      - Job classification
      - hours worked and wages earned
      - Signed certification





# Buy American

Jordan Dorfman  
SRF Legal Counsel,  
U.S. Environmental Protection Agency



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# Recovery Act Logo

Jordan Dorfman  
SRF Legal Counsel,  
U.S. Environmental Protection Agency



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# Record-Keeping and Reporting

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SRF Legal Counsel,  
U.S. Environmental Protection Agency



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# SRF Financing Process

Tracy Scebold  
SRF Finance Officer, Iowa Finance Authority



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# SRF and ARRA

- Loan Application
  - IUP application or “green” application are NOT the loan application
  - Loan application can be submitted at any time
    - but may want to wait until bids are received
  - Contract your Bond Counsel and Financial Advisor early in the process



# SRF and ARRA

- Bond Counsel
  - Borrower is selling a negotiated bond to the SRF program – Revenue or General Obligation
  - Public Hearing and Authorizing Resolution to enter into the Loan Agreement
  - Legal Opinion of evidence of legality, security position, and tax-exempt status





# SRF and ARRA

- Stimulus Projects will have two loan agreements
  - Standard SRF loan
  - Forgivable loan



# SRF and ARRA

- Standard SRF Loan
  - 1% loan origination fee
  - 3% interest
  - 0.25% loan servicing fee
  - Terms up to 30 years



# SRF and ARRA

- Forgivable Loan
  - No initiation fee
  - No interest
  - No loan servicing fee





# SRF and ARRA

- Disbursements
  - Loans are disbursement loans
  - Disbursement requests and corresponding invoices
  - Disbursements made weekly



# SRF and ARRA

- Disbursements
  - Disbursement requests will be split between the standard loan and the forgivable loan
  - Final documentation is required before the final disbursement is processed
  - Forgivable loan will be forgiven when the project is complete and the final documentation is received



# Green Projects

Jordan Dorfman  
SRF Legal Counsel, U.S. EPA



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# Drinking Water Green Project Review

Jennifer Bunton  
Senior Engineer, Water Supply Engineering, DNR



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# SRF and ARRA

- Green drinking water projects
  - Submittal process
    - Include a “business case” for each project to document scope and anticipated results (in lieu of engineering report)
      - Used to document energy and water savings in a consistent manner for reporting purposes
    - All projects require a viability assessment
      - <http://www.iowadnr.gov/water/viability/manual.html>
    - ER checklist



# SRF and ARRA

- Green drinking water projects
  - What is a Business Case?
    - Includes two components: Technical and financial
    - Technical identifies the problem, using data from O&M records, engineering studies, or other information AND clarifies project benefits in water and/or energy efficiency terms
    - Financial component must include estimate of the cost and water/energy savings and the financial savings must be able to justify the need for the project





# SRF and ARRA

- Green drinking water projects
  - Approval process
    - Project will be assigned to an SRF engineer for review of the business case and viability manual
      - Jean or Kate will handle the ER
    - SRF engineer will contact you to set up an initiation meeting, by phone or in person
    - Construction permits may be required
    - Viability review may raise additional issues that need to be addressed



# SRF and ARRA

- Green drinking water projects
  - Construction process
    - All required front ends must be included in specs
    - Davis-Bacon requirements apply unless the utility is doing its own work, Buy American applies, etc.
    - Final inspection will be conducted when the project is complete



# Wastewater Green Project Review

Gabe Lee  
Senior Engineer, Wastewater Engineering, DNR



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# SRF and ARRA

- Green wastewater projects
  - Approval process
    - Contact Terry Kirschenman (515.281.8885) for IDNR Project Manager assignment - ASAP
    - Project Initiation Meeting
  - Information to be established at the meeting
    - Define scope
    - Define timeframe
    - Identify requirements and submittals



# SRF and ARRA

- Green wastewater projects
  - Items of consideration
    - Demonstrate energy savings
    - Show before and after conditions
    - Business case
    - Demonstrate improvements can maintain compliance



# Green Stormwater Infrastructure Project Review

Tony Toigo  
Program Planner, Iowa Department of Agriculture and  
Land Stewardship



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## **Contact Information**

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